

Commonwealth of Kentucky Investments

General

The purpose of the "Analysis of Investments" (Form AFR 20) and "Investments by Type" (Form AFR 20A) is to ensure that all state funds which are represented by investments are reported in the Commonwealth of Kentucky financial statements. Also, AFR 20 provides a method by which each agency at year-end can present the cost or market value of investments and information regarding the holders of investments and/or collateral, facilitating the preparation of required footnote disclosures. In addition, AFR 20A provides an approach by which each agency at year-end can present their investments by type using the interest rate risk effective weighted duration method.

Complete form AFR 20, disclosing the specific types of investments held and their dollar amounts at cost and market value. "Investments" as used herein represents securities and other assets held for the production of income in the form of interest, dividends, etc. Investments may be acquired by purchase, accepted for payment of taxes or services, or received as a gift. Each fund should be presented on a separate form. Form AFR 20A is similar, except disclose the specific types of investments held and their dollar amounts using the interest rate risk effective weighted duration method.

Detailed Instructions
AFR 20
Analysis of Investments

NOTE: If your investments are being maintained by the Office of Financial Management, Finance and Administration Cabinet, make a notation to that effect on form AFR 20 and do not complete the form.

1. Enter the date the form is completed.
2. Enter the official agency name.
3. Enter the cabinet and agency number.
4. Enter the official fund name.
5. Enter the four-digit fund number.
6. Include all U. S. Treasury and agency obligations. "U. S. Treasury and agency obligations" as used herein includes obligations of the United States Government or its agencies, or of National Mortgage Associations established by or under the National Housing Act.
7. Include all commercial paper. "Commercial paper" includes bills of exchange, promissory notes, and other negotiable instruments used for the payment.
8. Include all corporate debt securities. A "corporate debt security" is defined here as a written promise by a corporation under seal to pay a fixed sum of money at some future time named, with stated interest payable at some fixed time or interval, given in return for money or its equivalent received by the corporation.
9. Include all corporate equity securities. "Corporate equity securities" denotes transferable certificates of corporate ownership (e.g., capital stocks).
10. Include other investments not covered in the above categories and indicate the type of investment.
11. For each type of investment owned at June 30, 2006, enter cost.
(Note: If the investment was a gift, the cost is the market value at the time donated.)
12. For each type of investment, enter market value at June 30, 2006.
13. For each type of investment indicate source used to determine market value (name of brokerage firm, Wall Street Journal, etc.).

14. Enter total investments at cost.
15. Enter total investments at market value.
16. Recap investments at cost and at market as to short term or long term maturity.
17. Enter investments purchased but unpaid. Be sure to include in above analyses.
18. Enter those securities which are either fully insured, registered, or which are held by the agency or the agency's agent in the agency's name. (An agent is an organization with which the agency has a contractual relationship to hold securities owned by the agency.)
19. Enter those securities which are neither insured nor registered, but are held by the agency's counterparty in the agency's name. (A counterparty is the issuer of a security or the purchasing agent for the agency. If an organization is both an agent and counterparty then the organization is considered to be a counterparty.)
20. Enter those uninsured and unregistered securities that are held by the agency's agent or counterparty, but not in the agency's name.
21. Enter the total of lines 18 - 20. This amount must equal line 14 above.
22. Enter the name of person preparing form.
23. Enter the phone number of person preparing form.

Detailed Instructions
AFR 20 A
Investments by Type

NOTE: If your investments are being maintained by the Office of Financial Management, Finance and Administration Cabinet, make a notation to that effect on form AFR 20 A and do not complete the form.

1. Enter the date the form is completed.
2. Enter the official agency name.
3. Enter the cabinet and agency number.
4. Enter the official fund name.
5. Enter the four-digit fund number.
6. For each type of investment owned at June 30, 2006, enter its fair value.
7. For each type of investment owned at June 30, 2006, apply the effective weighted duration method for each.
8. Enter the total debt securities at fair value.
9. Enter the portfolio's effective weighted duration total.
10. Include other investments not covered in the above categories and indicate the type of investment and its fair value.
11. Enter Total Investments at fair value.
12. Explain any formal policies used to control interest rate risk of investments.
Note: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.
13. Enter the name of person preparing form.
14. Enter the phone number of person preparing form.